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**PRAIRIE GREGG GRAVITY
DRAINAGE DISTRICT
AND SUB DRAINAGE DISTRICT #2**
Vermilion Parish, Louisiana

Financial Report

Year Ended December 31, 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 5/20/09

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of net assets	5
Statement of activities	6
FUND FINANCIAL STATEMENTS (FFS)	
Balance sheet - governmental fund	8
Reconciliation of the governmental fund balance sheet to the statement of net assets	9
Statement of revenues, expenditures, and changes in fund balance- governmental fund	10
Reconciliation of the statement of revenues, expenditures, and changes in fund balance of the governmental fund to the statement of activities	11
Notes to basic financial statements	12-21
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedule: General Fund	23
OTHER SUPPLEMENTARY INFORMATION	
Detailed budgetary comparison schedule: General Fund	25
INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	27-28
Summary schedule of current and prior year audit findings and management's corrective action plan	29-30

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Prairie Gregg Gravity Drainage District
and Sub Drainage District #2
Vermilion Parish, Louisiana

We have audited the accompanying financial statements of the governmental activities and major fund of the Prairie Gregg Gravity Drainage District and Sub Drainage District #2, (the Drainage District), a component unit of the Vermilion Parish Police Jury, as of and for the year ended December 31, 2008, which collectively comprise the Drainage District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Drainage District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Drainage District, as of December 31, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 31, 2009, on our consideration of the Drainage District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Drainage District has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined necessary to supplement, although not required to be part of, the basic financial statements.

The required supplementary information on page 23 is not a required part of the basic financial statements but is supplementary information required by accounting principals generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Drainage District's basic financial statements. The accompanying financial information listed as "Other Supplementary Information" on page 25 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, therefore we express no opinion on it.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
March 31, 2009

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

PRAIRIE GREGG GRAVITY DRAINAGE DISTRICT
AND SUB DRAINAGE DISTRICT #2

Statement of Net Assets
December 31, 2008

ASSETS

Cash and interest-bearing deposits	\$ 698,907
Accounts receivable	15,000
Interest receivable	1,017
Due from other governmental units	611,085
Prepaid items	5,117
Capital assets, net	<u>257,908</u>
Total assets	<u>1,589,034</u>

LIABILITIES

Accounts and other payables	11,475
Long-term liabilities:	
Due within one year	32,861
Due in more than one year	<u>46,078</u>
Total liabilities	<u>90,414</u>

NET ASSETS

Invested in capital assets, net of related debt	176,382
Unrestricted	<u>1,322,238</u>
Total net assets	<u>\$ 1,498,620</u>

The accompanying notes are an integral part of the basic financial statements.

PRAIRIE GREGG GRAVITY DRAINAGE DISTRICT
AND SUB DRAINAGE DISTRICT #2

Statement of Activities
For the Year Ended December 31, 2008

Activities	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense) Revenues and Changes in Net Assets Governmental Activities
Governmental activities:			
Public works	\$ 606,461	\$ 299,024	\$ (307,437)
General revenues:			
Taxes:			
Property taxes, levied for general purposes			661,349
State revenue sharing			9,775
Interest and investment earnings			17,293
Miscellaneous			<u>15,000</u>
Total general revenues			<u>703,417</u>
Change in net assets			395,980
Net assets, beginning			<u>1,102,640</u>
Net assets, ending			<u>\$ 1,498,620</u>

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

PRAIRIE GREGG GRAVITY DRAINAGE DISTRICT
AND SUB DRAINAGE DISTRICT #2

Balance Sheet - Governmental Fund
December 31, 2008

ASSETS

Cash and cash equivalents	\$ 698,907
Accounts receivable	15,000
Due from other governments	2,514
Interest receivable	1,017
Ad valorem taxes receivable	608,571
Prepaid insurance	<u>5,117</u>
Total assets	<u>\$1,331,126</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts payable	\$ 7,670
Payroll taxes payable	<u>1,218</u>
Total liabilities	<u>8,888</u>
Fund balance:	
Reserved for prepaids	5,117
Unreserved, undesignated	<u>1,317,121</u>
Total fund balance	<u>1,322,238</u>
Total liabilities and fund balance	<u>\$1,331,126</u>

The accompanying notes are an integral part of the basic financial statements.

PRAIRIE GREGG GRAVITY DRAINAGE DISTRICT
AND SUB DRAINAGE DISTRICT #2

Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Assets
December 31, 2008

Total fund balance for the governmental fund at December 31, 2008	\$ 1,322,238
Total net assets reported for governmental activities in the statement of net assets is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:	
Equipment, net of \$525,511 accumulated depreciation	257,908
Long-term liabilities at December 31, 2008:	
Capital lease payable	(78,939)
Accrued interest payable	<u>(2,587)</u>
Total net assets of governmental activities at December 31, 2008	<u>\$ 1,498,620</u>

The accompanying notes are an integral part of the basic financial statements.

PRAIRIE GREGG GRAVITY DRAINAGE DISTRICT
AND SUB DRAINAGE DISTRICT #2

Statement of Revenues, Expenditures, and Changes in Fund Balance-
Governmental Fund
For the Year Ended December 31, 2008

Revenues:	
Taxes - ad valorem	\$ 661,349
Intergovernmental	
State revenue sharing	9,775
Grant income	299,024
Miscellaneous	<u>32,293</u>
Total revenues	<u>1,002,441</u>
Expenditures:	
Public works	577,830
Capital outlay	<u>67,500</u>
Total expenditures	<u>645,330</u>
Net change in fund balance	357,111
Fund balance, beginning	<u>965,127</u>
Fund balance, ending	<u>\$ 1,322,238</u>

The accompanying notes are an integral part of the basic financial statements.

PRAIRIE GREGG GRAVITY DRAINAGE DISTRICT
AND SUB DRAINAGE DISTRICT #2

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of the Governmental Fund
to the Statement of Activities
For the Year Ended December 31, 2008

Total net changes in fund balance at December 31, 2008 per Statement of Revenues, Expenditures and Changes in Fund Balance		\$357,111
The change in net assets reported for governmental activities in the statement of activities is different because:		
Add: Notes and capital lease principal retirement considered as an expenditure on Statement of Revenues and Expenditures and Changes in Fund Balance		31,475
Add: Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balance	67,500	
Less: Depreciation expense for the year ended December 31, 2008	<u>(61,374)</u>	6,126
Less: Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on accrual basis		<u>1,268</u>
Total changes in net assets at December 31, 2008 per Statement of Activities		<u>\$395,980</u>

The accompanying notes are an integral part of the basic financial statements.

PRAIRIE GREGG GRAVITY DRAINAGE DISTRICT
AND SUB DRAINAGE DISTRICT #2
Vermilion Parish, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Prairie Gregg Gravity Drainage District and Sub Drainage District #2 (the Drainage District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements the Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of these notes.

Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the industry audit guide, Audits of State and Local Governments.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Oversight responsibility by the Police Jury is determined on the basis of the following criteria:

1. Appointment of governing board
2. Designation of management
3. Ability to significantly influence operations
4. Accountability for fiscal matters
5. Scope of public service

Because the Police Jury created the District and appoints its board of commissioners, the Drainage District was determined to be a component unit of the Vermilion Parish Police Jury, the governing body of the parish and the governmental body with oversight responsibility. The accompanying financial statements present information only on the funds maintained by the Drainage District and do not present information on the Police Jury, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

PRAIRIE GREGG GRAVITY DRAINAGE DISTRICT
AND SUB DRAINAGE DISTRICT #2
Vermilion Parish, Louisiana

Notes to Financial Statements (Continued)

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Drainage District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients for goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

C. Fund Accounting

The accounts of the Drainage District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The Drainage District maintains only one fund. It is categorized as a governmental fund. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

PRAIRIE GREGG GRAVITY DRAINAGE DISTRICT
AND SUB DRAINAGE DISTRICT #2
Vermilion Parish, Louisiana

Notes to Financial Statements (Continued)

The major fund of the Drainage District is described below:

Governmental Fund -

General Fund

The General Fund is the general operating fund of the Drainage District. It is used to account for all financial resources except those required to be accounted for in another fund.

D. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net assets and the statement of activities, governmental activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. The governmental fund utilizes a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on its balance sheet. Their operating statement presents sources and uses of available spendable financial resources during a given period. This fund uses fund balance as its measure of available spendable financial resources at the end of the period.
- b. The government-wide financial statement utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery) and financial position. All assets and liabilities (whether current or noncurrent) associated with its activities are reported. Government-wide fund equity is classified as net assets.

PRAIRIE GREGG GRAVITY DRAINAGE DISTRICT
AND SUB DRAINAGE DISTRICT #2
Vermilion Parish, Louisiana

Notes to Financial Statements (Continued)

Basis of Accounting

In the government-wide statement of net assets and statement of activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

E. Assets, Liabilities and Equity

Cash and interest-bearing deposits

For purposes of the statement of net assets, cash and interest-bearing deposits include all demand accounts and certificates of deposits of the Drainage District.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Drainage District maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

PRAIRIE GREGG GRAVITY DRAINAGE DISTRICT
AND SUB DRAINAGE DISTRICT #2
Vermilion Parish, Louisiana

Notes to Financial Statements (Continued)

Depreciation of all exhaustible capital assets is recorded as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Equipment	5-10 years
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Compensated Absences

Full-time employees of the Drainage District with one year of service are allowed one week of vacation leave each year; full-time employees with two years of service are allowed two weeks of vacation leave each year; full-time employees with ten years of service are allowed three weeks of vacation leave each year; and full-time employees with twenty years of service are allowed four weeks of vacation leave each year. Vacation leave does not accumulate from year to year. Full-time employees are allowed one day sick leave for each month worked beginning with the day they are employed. Employees can accumulate up to 148 days of sick leave, but the sick pay does not vest upon termination. Employees who resign, retire or are dismissed from employment shall not be paid for any accrued sick leave.

Equity Classifications

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

PRAIRIE GREGG GRAVITY DRAINAGE DISTRICT
AND SUB DRAINAGE DISTRICT #2
Vermilion Parish, Louisiana

Notes to Financial Statements (Continued)

F. Revenues, Expenditures, and Expenses

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by character and function. In the fund financial statements, expenditures are classified by character.

G. Budgetary Practices

The Drainage District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Drainage District's Secretary/Treasurer prepares a proposed budget and presents it to the Board of Commissioners prior to fifteen days before the beginning of each fiscal year.
2. Any changes in the proposed annual operating budget requires a majority vote of the Board of Commissioners.
3. No later than the last regular meeting of the fiscal year, the Board of Commissioners adopts the annual operating budget for the ensuing fiscal year.
4. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
5. Budget appropriations lapse at year-end.

H. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

PRAIRIE GREGG GRAVITY DRAINAGE DISTRICT
AND SUB DRAINAGE DISTRICT #2
Vermilion Parish, Louisiana

Notes to Financial Statements (Continued)

I. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Drainage District as an extension of formal budgetary integration in the funds.

(2) Cash and Interest-Bearing Deposits

Under state law, the Drainage District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Drainage District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2008, the Drainage District has cash and interest-bearing deposits (book balances) totaling \$698,907, as follows:

Demand deposits	\$ 146,502
Interest-bearing demand and savings accounts	<u>552,405</u>
Total	<u>\$ 698,907</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at December 31, 2008, are as follows:

Bank balances	<u>\$ 704,694</u>
Federal deposit insurance	402,289
Pledged securities (Category 3)	<u>302,405</u>
Total federal deposit insurance and pledged securities	<u>\$ 704,694</u>

As of December 31, 2008, the District's total bank balances were fully insured and collateralized with securities held in the name of the District by the pledging financial institution's agent and, therefore, they were not exposed to custodial credit risk.

PRAIRIE GREGG GRAVITY DRAINAGE DISTRICT
AND SUB DRAINAGE DISTRICT #2
Vermilion Parish, Louisiana

Notes to Financial Statements (Continued)

(3) Capital Assets

Capital asset balances and activity for the year ended December 31, 2008 is as follows:

	Balance 01/01/08	Additions	Deletions	Balance 12/31/2008
Capital assets being depreciated:				
Equipment	\$ 808,015	\$ 67,500	\$ 92,096	\$ 783,419
Less accumulated depreciation:				
Equipment	<u>556,233</u>	<u>61,374</u>	<u>92,096</u>	<u>525,511</u>
Net capital assets	<u>\$ 258,038</u>	<u>\$ 6,126</u>	<u>\$ -</u>	<u>\$ 257,908</u>

Depreciation expense, which totaled \$61,374 for 2008, was charged to the public works function.

(4) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following at December 31, 2008:

Accounts	\$ 7,670
Salaries payable	1,218
Accrued interest	<u>2,587</u>
Totals	<u>\$11,475</u>

(5) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied in November 15 and are actually billed to the taxpayers in December. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year.

Tax revenues are recognized in the year they are billed.

The taxes are based on assessed values determined by the Tax Assessor of Vermilion Parish and are collected by the Sheriff. The taxes are remitted to the Drainage District net of deductions for Pension Fund Contributions.

For the years ended December 31, 2008, taxes of 35.53 mills were levied on property with net assessed valuations totaling \$17,882,560, and were dedicated to paying the administrative, operations and maintenance expenditures for the Drainage District.

PRAIRIE GREGG GRAVITY DRAINAGE DISTRICT
AND SUB DRAINAGE DISTRICT #2
Vermilion Parish, Louisiana

Notes to Financial Statements (Continued)

Total taxes levied during 2008 were \$635,368. Taxes receivable at December 31, 2008 amounted to \$608,571.

(6) Risk Management

The Drainage District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Drainage District carries commercial insurance. There have been no significant reductions in the insurance coverage during the year.

(7) Compensation Paid Board of Commissioner

The schedule of compensation paid board of commissioners is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. The per diem paid to board members is included in the expenditures of the General Fund. As of February 2008 each board member receives \$100 for each day of attendance at meetings of the board. Prior to that date each board member received \$60. The schedule of compensation at December 31, 2008 is as follows:

John Broussard	\$1,320
Mark Broussard	1,220
H.L. Moss	1,280
Emile Thibodeaux	1,280
Willie Morgan	<u>1,220</u>
Total	<u>\$6,320</u>

(8) Capital Leases

The Drainage District has entered into lease agreements as lessee for financing the acquisition of a mower and an excavator. These lease agreements qualify as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of the minimum lease payments as of December 31, 2008 are as follows:

PRAIRIE GREGG GRAVITY DRAINAGE DISTRICT
AND SUB DRAINAGE DISTRICT #2
Vermilion Parish, Louisiana

Notes to Financial Statements (Continued)

Year Ending December 31,

2009	\$ 35,624
2010	35,624
2011	<u>11,875</u>
Total minimum lease payments	83,123
Less: amount representing interest	<u>(4,184)</u>
Present value of minimum lease payments	<u>\$ 78,939</u>

(9) Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the Drainage District for the year ended December 31, 2008:

	<u>Balance</u> <u>01/01/08</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2008</u>
Capital leases:				
Excavator with a stated interest rate of 4.32% maturing on May 31, 2011	<u>\$ 110,414</u>	<u>\$ -</u>	<u>\$ 31,475</u>	<u>\$ 78,939</u>

(10) Litigation

There was no litigation pending against the Drainage District at December 31, 2008.

**REQUIRED
SUPPLEMENTARY INFORMATION**

OTHER SUPPLEMENTARY INFORMATION

**PRAIRIE GREGG GRAVITY DRAINAGE DISTRICT
AND SUB DRAINAGE DISTRICT #2
General Fund**

**Detailed Budgetary Comparison Schedule
For the Year Ended December 31, 2008**

	Budget		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes - ad valorem	\$ 475,000	\$ 494,923	\$ 661,349	\$ 166,426
State revenue sharing	5,900	5,900	9,775	3,875
Grant income	-	-	299,024	299,024
Interest	8,000	8,000	17,293	9,293
Other sources	8,900	8,900	15,000	6,100
Total revenues	<u>497,800</u>	<u>517,723</u>	<u>1,002,441</u>	<u>484,718</u>
Expenditures:				
Current -				
Public works -				
Auto and truck	6,600	10,667	11,259	(592)
Board member fees	3,900	6,420	6,320	100
Fuel, oil and lubricants	25,000	60,268	64,761	(4,493)
Insurance - group	33,000	41,358	36,419	4,939
Insurance	18,000	21,737	21,265	472
Interest	4,149	4,149	4,149	-
Lease payments	31,475	31,475	31,475	-
Miscellaneous	25,200	25,200	2,255	22,945
Office supplies	2,000	2,586	2,055	531
Pension expense	-	19,923	19,923	-
Per diem and travel	9,000	9,000	5,607	3,393
Professional fees	5,000	11,971	52,089	(40,118)
Rent, repairs and maintenance	60,500	97,473	102,014	(4,541)
Salaries	188,000	188,000	193,636	(5,636)
Supplies	10,000	10,000	3,803	6,197
Taxes and licenses	14,500	14,500	14,814	(314)
Utilities	4,500	5,843	5,986	(143)
Capital Outlay	-	67,500	67,500	-
Total expenditures	<u>440,824</u>	<u>628,070</u>	<u>645,330</u>	<u>(17,260)</u>
Net change in fund balance	56,976	(110,347)	357,111	467,458
Fund balance, beginning	<u>965,127</u>	<u>965,127</u>	<u>965,127</u>	<u>-</u>
Fund balance, ending	<u>\$1,022,103</u>	<u>\$ 854,780</u>	<u>\$1,322,238</u>	<u>\$ 467,458</u>

**INTERNAL CONTROL,
COMPLIANCE
AND
OTHER MATTERS**

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Prairie Gregg Gravity Drainage District
and Sub Drainage District #2
Vermilion Parish, Louisiana

We have audited the financial statements of the governmental activities and major fund of the Prairie Gregg Gravity Drainage District and Sub Drainage District #2, a component unit of the Vermilion Parish Police Jury as of and for the year ended December 31, 2008, which collectively comprise the Prairie Gregg Gravity Drainage District and Sub Drainage District #2's basic financial statements and have issued our report thereon dated March 31, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Prairie Gregg Gravity Drainage District and Sub Drainage District #2's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Prairie Gregg Gravity Drainage District and Sub Drainage District #2's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Prairie Gregg Gravity Drainage District and Sub Drainage District #2's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Prairie Gregg Gravity Drainage District and Sub Drainage District #2's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting

principles such that there is more than a remote likelihood that a misstatement of the Prairie Gregg Gravity Drainage District and Sub Drainage District #2's financial statements that is more than inconsequential will not be prevented or detected by the Prairie Gregg Gravity Drainage District and Sub Drainage District #2's internal control. We consider the deficiencies described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as item 08-1(IC) and 08-2(IC) to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Prairie Gregg Gravity Drainage District and Sub Drainage District #2's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 08-1(IC) to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Prairie Gregg Gravity Drainage District and Sub Drainage District #2's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards which is described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as item 08-3(C).

The Prairie Gregg Gravity Drainage District and Sub Drainage District #2's response to the deficiencies identified in our audit are described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan. We did not audit the Prairie Gregg Gravity Drainage District and Sub Drainage District #2's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Drainage District's management, and Board of Commissioners and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
March 31, 2009

PRAIRIE GREGG GRAVITY DRAINAGE DISTRICT
AND SUB DRAINAGE DISTRICT #2
Vermilion Parish, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended December 31, 2008

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
<u>CURRENT YEAR (12/31/08) --</u>						
<u>Internal Control:</u>						
08-1(IC)	Unknown	Due to the small number of employees, the Drainage District did not have adequate segregation of functions within the accounting system.	N/A	The Board members have determined that it is not cost effective to achieve complete segregation of duties within the accounting department.	Larry Lee	N/A
08-2(IC)	Unknown	The District does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	N/A	The District has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the District to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Larry Lee	N/A
<u>Compliance</u>						
08-3(C)	2008	The Drainage District failed to publish a notice about the proposed annual budget being available for public inspection as required by LSA R.S. 39:1307.	No	In the future the Drainage District will publish all budget related information as required by LSA R.S. 39:1307.	Larry Lee	12/31/2009

PRAIRIE GREGG GRAVITY DRAINAGE DISTRICT
AND SUB DRAINAGE DISTRICT #2
Vermilion Parish, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended December 31, 2008

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
PRIOR YEAR (12/31/07) --						
<u>Internal Control</u>						
07-1(IC)	Unknown	Due to the small number of employees, the Drainage District did not have adequate segregation of functions within the accounting system.	N/A	The Board members have determined that it is not cost effective to achieve complete segregation of duties within the accounting department.	Larry Lee	N/A
07-2(IC)	Unknown	The District does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	N/A	The District has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the District to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Larry Lee	N/A